

# PERSONAL HEALTH SERVICES FUNDING DISPARITIES

## ISSUE

The average cost of a mainstream health plan exceeds by 40% the funding available for providing health services for American Indian and Alaska Native people. This substantial funding gap severely restricts health care services and is one root cause of the failure to eliminate unacceptable rates of death and disease among Indians.

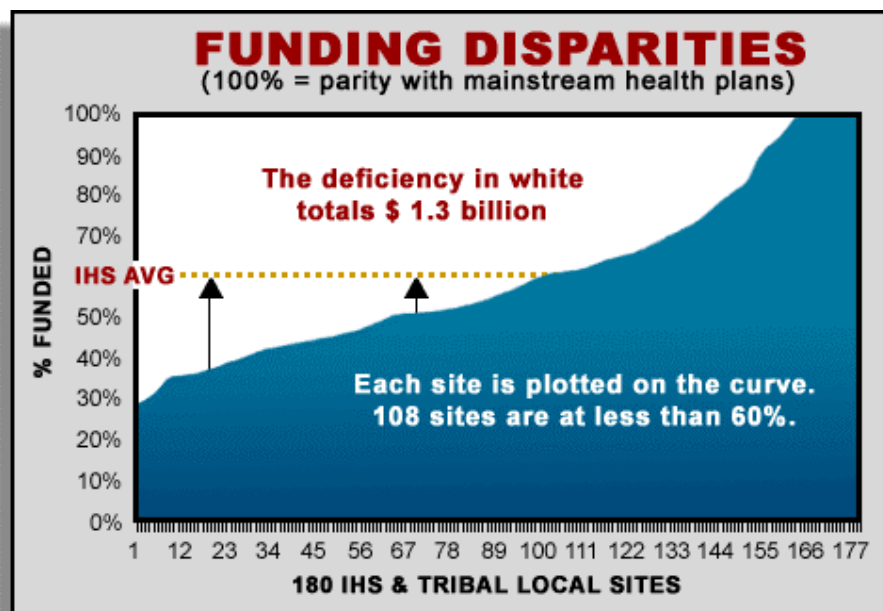
## BACKGROUND

A 1999 study documented the funding disparity for Indians compared to mainstream health plans. The study used actuarial methods to compare Indian health funding with costs of a mainstream personal medical services plan, the Federal Employees Health Benefits Plan (FEHBP). The FEHBP Disparity Index (FDI) study did not address public health deficiencies and needs for safe water and waste disposal.

## SITUATION

After discounting for Medicare, Medicaid, and private insurance coverage, the FDI study found that IHS funding fell \$1.3 billion short of parity with the benchmark mainstream health plan in 1999.

The study also found funding variations within the Indian health system. More than 100 sites are funded at less than 60% of comparable mainstream plans. Approximately \$258 million is needed to raise severely under-resourced units to the 60% average.



## OPTIONS/PLANS

Tribal leaders are seeking substantial budget increases for Indian health care to close the \$1.3 billion resource disparity gap for health services. For example, an incremental approach would require increasing budgets by \$300 million annually over a period of 4-5 years. Progress may be slowed by health care costs that are accelerating again. In 2000, employer sponsored health benefits costs (the FDI benchmark) rose by 8.1%.

## ADDITIONAL INFORMATION

For referral to the appropriate spokesperson, contact the IHS Public Affairs Staff at 301-443-3593.